

RESOLUTION NO. 2016-27

**A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF SEDONA,
ARIZONA DECLARING ITS INTENT TO SIGN A POWER SALES CONTRACT WITH
THE ARIZONA POWER AUTHORITY FOR THE PURCHASE OF HOOVER
CAPACITY AND HOOVER ENERGY.**

WHEREAS, the Arizona Power Authority (“Authority”) is a body corporate and politic of the State of Arizona created pursuant to Arizona Revised Statutes (“A.R.S.”) §§ 30-101 et seq. (“Title 30”); and

WHEREAS, the Authority is authorized by Title 30 to bargain for, take, and receive in its own name on behalf of the State of Arizona, electric power developed by the United States of America from waters of the main stream of the Colorado River and made available to the State of Arizona in its sovereign capacity; and

WHEREAS, the 1984 Hoover Power Plant Act authorized the Department of Interior to increase the capacity of existing generating equipment of the Boulder Canyon Project under the Uprating Program and certain non-federal purchasers of Boulder Canyon Project capacity and energy, including the Authority, advanced funds to finance the cost of the Uprating Program; and

WHEREAS, A.R.S. §§ 45-1701 et seq. (“Title 45”) provide for the sale by the Authority of its capacity and energy from the Uprating Program to purchasers within the State of Arizona, notwithstanding the provisions of Title 30, on such terms and conditions as the Authority deems necessary to effectuate the provisions of Title 45; and

WHEREAS, the Authority, in accordance with contracts that terminate on September 30, 2017, has been selling Hoover Capacity and Hoover Energy to various districts and municipalities in the State of Arizona in accordance with and in the manner required by Titles 30 and 45; and

WHEREAS, the Hoover Power Allocation Act of 2011 (Pub. L. No. 112-72, 125 Stat. 777) (“2011 Act”) statutorily allocated Hoover Capacity and Hoover Energy from Schedules A and B to named Contractors, including the Authority, for the period commencing October 1, 2017, through September 30, 2067, and directed the Secretary of Energy to offer contracts for the specified amounts to those named Contractors, including the Authority; and

WHEREAS, the 2011 Act also created a new resource pool, referred to as “Schedule D”, which is equal to five percent of the full rated capacity of the Hoover Power Plant, and associated firm energy, for allocation to “New Allottees”; and

WHEREAS, any person or operating unit authorized by Title 30 to enter into a contract with the Authority for the sale and transmission of Hoover power, and any municipality, district, or public utility authorized by Title 45 may enter into a contract with the Authority for the sale and transmission of capacity and energy from the Uprating Program;

WHEREAS, in order to provide for the payment of its cost of purchasing Hoover Capacity and Hoover Energy from the Western Area Power Administration (“Western”) as well as to provide for the payment of its bonds and notes, the Authority has determined to enter into contracts with the entities whom the Authority has allocated

Hoover Capacity and Hoover Energy pursuant to Title 30 and Title 45 and non-tribal entities to whom Western has allocated Hoover D-1 Capacity and Hoover D-1 Energy pursuant to the 200 Act and associated federal regulations;

WHEREAS, the Power Sales Contracts, the revenues derived from such contracts, and the Authority's Electric Service Contract are to be pledged and assigned by the Authority pursuant to Title 45 as security for the payment of any bonds or notes of the Authority issued or to be issued; and

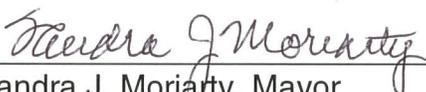
WHEREAS, the Authority has required demonstration that the City of Sedona has the ability to receive its allocation of Hoover Energy, and Arizona Public Service has provided written assurance that it will transmit and distribute Hoover Energy to the City of Sedona;

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF SEDONA, ARIZONA, that they intend to execute a Power Sales Contract with the Authority for the purchase of Hoover Capacity and Hoover Energy.

BE IT FURTHER RESOLVED that an Electrical Supply Agreement with Arizona Public Service may be executed for the delivery of Hoover Energy to the City of Sedona.

BE IT FURTHER RESOLVED that the Power Sales Contract with the Authority may be executed with an allocation of up to ten percent greater than the allocation amounts currently contemplated in the draft Power Sales Contract presented to the Mayor and City Council this date.

APPROVED AND ADOPTED by the Mayor and City Council of the City of Sedona, Arizona this 9th day of August, 2016.


Sandra J. Moriarty, Mayor

ATTEST:


Susan L. Irvine, CMC, City Clerk

APPROVED AS TO FORM:


Robert L. Pickels, Jr. City Attorney